

INTRODUCTION: Public Debt Operations

The Second Liberty Bond Act (31 U.S.C. 3101, et seq.) allows the Secretary of the Treasury to borrow money by issuing Treasury securities. The Secretary determines the terms and conditions of issue, conversion, maturity, payment, and interest rate. New issues of Treasury notes mature in 2 to 10 years. Bonds mature in more than 10 years from the issue date. Each marketable security is listed in the "Monthly Statement of the Public Debt of the United States". The information in this section of the "Treasury Bulletin" pertains only to marketable Treasury securities, current bills, notes, and bonds.

- Table **PDO-1** provides a maturity schedule of interest-bearing marketable public debt securities other than regular weekly and 52-week bills. All unmatured Treasury notes and bonds are listed in maturity order, from earliest to latest. A separate breakout is provided for the combined holdings of the Government accounts and Federal Reserve banks, so that the "all other investors" category includes all private holdings.

- Table **PDO-2** presents the results of weekly auctions of 13- and 26-week bills, as well as auctions of 52-week bills, which are held every fourth week. Treasury bills mature each Thursday. New issues of 13-week bills are *reopenings* of 26-week bills. The 26-week bill issued every fourth week to

mature on the same Thursday as an existing 52-week bill is a reopening of the existing 52-week bill. New issues of *cash management bills* are also presented. High, low, and average yields on accepted tenders and the dollar value of total bids are presented, with the dollar value of awards made on both competitive and noncompetitive basis.

Treasury accepts noncompetitive tenders of up to \$1 million for bills and \$5 million for notes and bonds in each auction of securities to encourage participation of individuals and smaller institutions.

- Table **PDO-3** lists the results of auctions of marketable securities, other than weekly bills, in chronological order over the past 2 years. Included are: notes and bonds from table PDO-1; 52-week bills from table PDO-2; and data for cash management bills. The maturities of cash management bills coincide with those of regular issues of Treasury bills.

- Table **PDO-4** indicates the total amount of marketable securities allotted to each class of investor. The Federal Reserve banks tally into investor classes the tenders in each auction of marketable securities other than weekly auctions of 13- and 26-week bills.

TREASURY FINANCING: OCTOBER-DECEMBER

OCTOBER

Auction of 2-Year and 5-Year Notes

October 18 Treasury announced it would auction \$17,750 million of 2-year notes of Series AK-1997 and \$11,500 million of 5-year notes of Series R-2000 to refund \$17,184 million of securities maturing October 31 and to raise about \$12,075 million of new cash.

The notes of Series AK-1997 were dated October 31, 1995, due October 31, 1997, with interest payable April 30 and October 31 until maturity. An interest rate of 5-5/8 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon, e.d.t., for non-competitive tenders and prior to 1 p.m., e.d.t., for competitive tenders on October 24, and totaled \$47,450 million, of which \$17,757 million was accepted. All competitive tenders at yields lower than 5.705 percent were accepted in full. Tenders at 5.705 percent were allotted 21 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 5.705 percent with an equivalent price of 99.851. The median yield was 5.690 percent; and the low yield was 5.670 percent. Noncompetitive tenders totaled \$739 million. Competitive tenders accepted from private investors totaled \$17,018 million.

In addition to the \$17,757 million of tenders accepted in the auction process, \$500 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and \$550 million was accepted from Federal Reserve banks for their own account.

The notes of Series R-2000 were dated October 31, 1995, due October 31, 2000, with interest payable April 30 and October 31 until maturity. An interest rate of 5-3/4 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon, e.d.t., for non-competitive tenders and prior to 1 p.m., e.d.t., for competitive tenders on October 25, and totaled \$31,855 million, of which \$11,528 million was accepted. All competitive tenders at yields lower than 5.810 percent were accepted in full. Tenders at 5.810 were allotted 8 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 5.810 percent with an equivalent price of 99.743. The median yield was 5.780 percent; and the low yield was 5.740 percent. Noncompetitive tenders totaled \$247 million. Competitive tenders accepted from private investors totaled \$11,281 million.

In addition to the \$11,528 million of tenders accepted in the auction process, \$537 million was accepted from Federal Reserve banks for their own account.

52-Week Bills

October 6 tenders were invited for approximately \$18,250 million of 364-day Treasury bills to be dated October 19, 1995, and to mature October 17, 1996. The issue was to refund \$17,276 million of maturing 52-week bills and to raise about \$975 million of new cash. The bills were auctioned on October 12. Tenders totaled \$57,249 million, of which \$18,412 million was accepted, including \$736 million of noncompetitive tenders from the public and \$4,805 million of the bills issued to

TREASURY FINANCING: OCTOBER-DECEMBER, con.

Federal Reserve banks for themselves and as agents for foreign and international monetary authorities. The average bank discount rate was 5.30 percent.

NOVEMBER

November Quarterly Financing

November 1 Treasury tentatively announced it would auction \$18,000 million of 3-year notes of Series Z-1998 and \$13,500 million of 10-year notes of Series D-2005 to refund \$32,825 million of Treasury securities maturing November 15 and to pay down about \$1,325 million.

November 6 Treasury announced that it was postponing these auctions pending Congressional action on debt limit legislation. November 13 Treasury announced the revised schedule of auctions and terms of the November quarterly refunding, in particular, that Treasury would auction \$18,000 million of 3-year notes and \$13,500 million of 10-year notes to refund \$31,500 million of 9-day cash management bills maturing November 24, 1995.

The notes of Series Z-1998 were dated November 24, 1995, due November 15, 1998, with interest payable May 15 and November 15 until maturity. An interest rate of 5-1/2 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 11 a.m., e.s.t., for noncompetitive tenders and prior to 11:30 a.m., e.s.t., for competitive tenders on November 20, and totaled \$53,147 million, of which \$18,081 million was accepted at yields ranging from 5.543 percent, price 99.884, up to 5.550 percent, price 99.865. Tenders at the high yield were allotted 100 percent. Noncompetitive tenders were accepted in full at the average yield, 5.549 percent, price 99.867. These totaled \$756 million, including \$200 million awarded to foreign official institutions. Competitive tenders accepted from private investors totaled \$17,325 million.

In addition to the \$18,081 million of tenders accepted in the auction process, \$2,485 million was accepted from Federal Reserve banks for their own account.

The notes of Series D-2005 were dated November 15, 1995, issued November 24, 1995, due November 15, 2005, with interest payable May 15 and November 15 until maturity. An interest rate of 5-7/8 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon, e.s.t., for noncompetitive tenders and prior to 1 p.m., e.s.t., for competitive tenders on November 21, and totaled \$30,028 million, of which \$13,508 million was accepted at yields ranging from 5.890 percent, price 99.884, up to 5.910 percent, price 99.735. Tenders at the high yield were allotted 54 percent. Noncompetitive tenders were accepted in full at the average yield, 5.900 percent, price 99.810. These totaled \$706 million, including \$300 million awarded to foreign official institutions. Competitive tenders accepted from private investors totaled \$12,802 million.

In addition to the \$13,508 million of tenders accepted in the auction process, \$1,700 million was accepted from Federal Reserve banks for their own account.

The notes of Series D-2005 may be held in STRIPS form. The minimum par amount required is \$1,600,000.

Auction of 2-Year and 5-Year Notes

November 22 Treasury announced it would auction \$18,250 million of 2-year notes of Series AL-1997 and \$12,000 million of 5-year notes of Series S-2000 to refund \$17,852 million of securities maturing November 30 and to raise about \$12,400 million of new cash.

The notes of Series AL-1997 were dated November 30, 1995, due November 30, 1997, with interest payable May 31 and November 30 until maturity. An interest rate of 5-3/8 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon, e.s.t., for noncompetitive tenders and prior to 1 p.m., e.s.t., for competitive tenders on November 28, and totaled \$55,061 million, of which \$18,264 million was accepted. All competitive tenders at yields lower than 5.479 percent were accepted in full. Tenders at 5.479 percent were allotted 2 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 5.479 percent with an equivalent price of 99.806. The median yield was 5.469 percent; and the low yield was 5.430 percent. Noncompetitive tenders totaled \$1,181 million, including \$500 million awarded to foreign official institutions. Competitive tenders accepted from private investors totaled \$17,083 million.

In addition to the \$18,264 million of tenders accepted in the auction process, \$402 million was accepted from Federal Reserve banks for their own account.

The notes of Series S-2000 were dated November 30, 1995, due November 30, 2000, with interest payable May 31 and November 30 until maturity. An interest rate of 5-5/8 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon, e.s.t., for noncompetitive tenders and prior to 1 p.m., e.s.t., for competitive tenders on November 29, and totaled \$31,418 million, of which \$12,002 million was accepted. All competitive tenders at yields lower than 5.625 percent were accepted in full. Tenders at 5.625 percent were allotted 9 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 5.625 percent with an equivalent price of 100.000. The median yield was 5.600 percent; and the low yield was 5.550 percent. Noncompetitive tenders totaled \$222 million. Competitive tenders accepted from private investors totaled \$11,780 million.

In addition to the \$12,002 million of tenders accepted in the auction process, \$350 million was accepted from Federal Reserve banks for their own account.

52-Week Bills

November 3 Treasury tentatively announced the auction schedule and terms of the 52-week bill offering. November 8 Treasury announced that it was postponing the auction of 52-week bills originally scheduled for November 9. November 13 tenders were invited for approximately \$18,750 million of 364-day Treasury bills to be dated November 16, 1995, and to mature November 14, 1996. The issue was to refund \$17,480 million of maturing 52-week bills and to raise about \$1,275 million of new cash. The bills were auctioned on November 15. Tenders totaled \$49,170 million, of which \$18,868 million

TREASURY FINANCING: OCTOBER-DECEMBER, *con.*

was accepted, including \$782 million of noncompetitive tenders from the public and \$4,700 million of the bills issued to Federal Reserve banks for themselves. The average bank discount rate was 5.15 percent.

Cash Management Bills

November 1 tenders were invited for approximately \$6,000 million of 48-day bills to be issued November 3, 1995, representing an additional amount of bills dated June 22, 1995, maturing December 21, 1995. The issue was to raise new cash. Tenders were opened on November 2. They totaled \$29,372 million, of which \$6,008 million was accepted. The average bank discount rate was 5.37 percent.

In the same announcement on November 1, tenders were invited for approximately \$8,000 million of 83-day bills to be issued November 3, 1995, representing an additional amount of bills dated July 27, 1995, maturing January 25, 1996. The issue was to raise new cash. Tenders were opened on November 2. They totaled \$33,200 million, of which \$8,061 million was accepted. The average bank discount rate was 5.30 percent.

November 13 tenders were invited for approximately \$31,500 million of 9-day bills to be issued November 15, 1995, representing an additional amount of bills dated May 25, 1995, maturing November 24, 1995. The issue was to raise new cash. Tenders were opened on November 14. They totaled \$52,500 million, of which \$31,521 million was accepted. The average bank discount rate was 5.77 percent.

In the same announcement on November 13, tenders were invited for approximately \$26,000 million of 36-day bills to be issued November 15, 1995, representing an additional amount of bills dated June 22, 1995, maturing December 21, 1995. The issue was to raise new cash. Tenders were opened on November 14. They totaled \$55,750 million, of which \$26,053 million was accepted. The average bank discount rate was 5.64 percent.

November 27 tenders were invited for approximately \$10,000 million of 13-day bills to be issued December 1, 1995, representing an additional amount of bills dated December 15, 1994, maturing December 14, 1995. The issue was to raise new cash. Tenders were opened on November 30. They totaled \$35,646 million, of which \$10,017 million was accepted. The average bank discount rate was 5.63 percent.

In the same announcement on November 27, tenders were invited for approximately \$10,000 million of 27-day bills to be issued December 1, 1995, representing an additional amount of bills dated June 29, 1995, maturing December 28, 1995. The issue was to raise new cash. Tenders were opened on November 30. They totaled \$35,232 million, of which \$10,007 million was accepted. The average bank discount rate was 5.39 percent.

DECEMBER

Auction of 2-Year and 5-Year Notes

December 13 Treasury announced it would auction \$18,250 million of 2-year notes of Series AM-1997 and

\$12,000 million of 5-year notes of Series T-2000 to refund \$17,625 million of securities maturing December 31 and to raise about \$12,625 million of new cash.

The notes of Series AM-1997 were dated January 2, 1996, due December 31, 1997, with interest payable June 30 and December 31 until maturity. An interest rate of 5-1/4 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon, e.s.t., for noncompetitive tenders and prior to 1 p.m., e.s.t., for competitive tenders on December 20, and totaled \$39,750 million, of which \$18,254 million was accepted. All competitive tenders at yields lower than 5.289 percent were accepted in full. Tenders at 5.289 percent were allotted 50 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 5.289 percent with an equivalent price of 99.927. The median yield was 5.250 percent; and the low yield was 5.210 percent. Noncompetitive tenders totaled \$962 million, including \$400 million awarded to foreign official institutions. Competitive tenders accepted from private investors totaled \$17,292 million.

In addition to the \$18,254 million of tenders accepted in the auction process, \$880 million was accepted from Federal Reserve banks for their own account.

The notes of Series T-2000 were dated January 2, 1996, due December 31, 2000, with interest payable June 30 and December 31 until maturity. An interest rate of 5-1/2 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon, e.s.t., for noncompetitive tenders and prior to 1 p.m., e.s.t., for competitive tenders on December 21, and totaled \$30,700 million, of which \$12,015 million was accepted. All competitive tenders at yields lower than 5.550 percent were accepted in full. Tenders at 5.550 percent were allotted 13 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 5.550 percent with an equivalent price of 99.784. The median yield was 5.530 percent; and the low yield was 5.500 percent. Noncompetitive tenders totaled \$169 million. Competitive tenders accepted from private investors totaled \$11,846 million.

In addition to the \$12,015 million of tenders accepted in the auction process, \$800 million was accepted from Federal Reserve banks for their own account.

52-Week Bills

December 1 tenders were invited for approximately \$18,750 million of 364-day Treasury bills to be dated December 14, 1995, and to mature December 12, 1996. The issue was to refund \$17,078 million of maturing 52-week bills and to raise about \$1,675 million of new cash. The bills were auctioned on December 7. Tenders totaled \$49,984 million, of which \$18,781 million was accepted, including \$774 million of noncompetitive tenders from the public and \$4,450 million of the bills issued to Federal Reserve banks for themselves. The average bank discount rate was 5.06 percent. ◇

TREASURY FINANCING: OCTOBER-DECEMBER, con.

